

P-645/EM-91-112 ORDER AUTHORIZING OPERATOR SERVICES AND
ASSOCIATED TOLL SERVICES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
Commissioner
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In the Matter of U.S. Link
Proposing to Offer Operator
Services and a New Pricing Plan
for Associated Toll Services

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DOCKET NO. P-645/EM-91-112

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PROCEDURAL HISTORY

On March 29, 1991, U.S.Link filed a proposal to offer a bundled service consisting of operator services with associated toll services.

On April 4, 1991, the Minnesota Department of Public Service (the Department) filed its report and recommendation.

On April 30, 1991, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

Toll Services: Reviewed as an Emergently Competitive Service Under Minn. Stat. § 237.60 (1990)

By statute, toll services are classified as emergently competitive. Minn. Stat. § 237.59, subd. 1 (11) (1990). The appropriate statute for reviewing a proposed pricing plan for an emergently competitive service is Minn. Stat. § 237.60, subd. 2 (e) (1990) which permits a pricing plan to go into effect in 30 days and must include an incremental cost study.

Operator Services: Reviewed as Noncompetitive Services Under Minn. Stat. § 237.63 (1990)

Because they are not listed among the statutory list of emergently competitive services, operator services are deemed noncompetitive services. Minn. Stat. § 237.59, subd. 1

(1990).¹ As noncompetitive services, proposed operator services must be reviewed under the miscellaneous tariff changes statute, Minn. Stat. § 237.63 (1990). According to this statute, a telephone company may offer a new service to its customers ten days after it files a tariff with the Commission and the Department. No incremental cost study is required.

U.S. Link's Bundled Toll/Operator Service: Unitary Review as a Noncompetitive Service Under Minn. Stat. § 237.63 (1990)

U.S. Link's proposed tariff presents a bundled service composed of an emergingly competitive service (toll service) and a noncompetitive service (operator service). The Department recommends that in reviewing the proposed tariff for such service the Commission split the bundled service into its two component parts and treat each component accordingly. Under the Department's recommendation, the Commission would review the toll component as an emergingly competitive service pursuant to Minn. Stat. § 237.60, subd. 2 (e) (1990) and review the operator service component as a noncompetitive service pursuant to Minn. Stat. § 237.63 (1990).

Such a bifurcated approach is not appropriate. Separate treatment of each part of the bundle is conceptually inconsistent with the nature of the service as offered by U.S. Link. Although the tariff lists a separate rate for each of the bundled service's component parts (operator and toll), the tariff also makes it clear that these two services are offered as a package. Under this tariffed service, a customer cannot choose to receive one of the component services and not the other.² The bundled service comes to the customer as a unit or not at all. Consistent with the unitary nature of the bundled service, a customer is charged one amount, the sum of the rate for operator service and the rate for toll service. In such circumstances the Commission will not separately treat the component parts of U.S. Link's bundled service, but will review them as a unit.

¹ The competitive status of operator services and the public interest status of alternate operator services are being considered in the Commission's ongoing alternate operator services (AOS) proceeding, In the Matter of the Applications of Authority to Provide Alternate Operator Services in Minnesota, Docket No. P-999/CI-88-917. The analysis and decision in this Order is based upon the current noncompetitive status of operator services and does not prejudice any issue in the AOS proceeding and is subject to the Commission's final decision in that matter.

² A customer of U.S. Link, of course, can subscribe only to toll service, but such separate toll service is provided not pursuant to the currently proposed tariff, but under an existing tariff that covers toll service alone.

The next question, then, is what unitary review the Commission will apply to the proposed bundled service. Since the proposed service does not appear on the list of services that the legislature has classified as emergingly competitive [Minn. Stat. § 237.59, subd. 1 (11) (1990)], the bundled service must be viewed as a noncompetitive service. A tariff for such a service is reviewed pursuant to Minn. Stat. § 237.63 (1990).³

The Commission finds that the proposed tariff meets all the requirements of Minn. Stat. § 237.63 (1990) and will approve it.

ORDER

1. U.S. Link's tariff to provide operator services and associated toll services is approved.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)

³ This treatment of a bundled service is consistent with a previous Order in which the Commission decided to treat a bundled service composed of an emergingly competitive service and a noncompetitive service as a noncompetitive service. To do otherwise, the Commission noted, would invite telephone companies to avoid the classification standards and process established by the legislature (Minn. Stat. § 237.59) through creative bundling. In the Matter of a Proposal by Teleconnect to Make Several Changes in Its Minnesota Price List, Docket No. P-478/EM-90-163, ORDER APPROVING TWO PRICE LIST CHANGES AND DISAPPROVING PRICE INCREASES FOR TRAVEL SERVICE AND DIRECTORY ASSISTANCE (November 8, 1990), page 4.